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TO [REDACTED]

PRIORITY DIRECTOR

[REDACTED] *COVERT ACTION PROPOSAL*1. FOLLOWING IS ~~STATION SUBMISSION~~ FOR [REDACTED] WHICH APPROVED BY AMBASSADOR.

2. OBJECTIVES.

A. PROVIDE FINANCIAL SUPPORT TO THE CHRISTIAN DEMOCRATIC PARTY, THE NATIONAL PARTY AND THE DEMOCRATIC RADICAL PARTY TO HELP DEVELOP AND SUSTAIN A POLITICAL OPPOSITION TO THE POPULAR UNITY FRONT.

B. EXPLOIT EXISTING PARTY TENSIONS AND RIVALRIES WITHIN THE POPULAR UNITY FRONT TO IMPEDE THE FUNCTIONING OF THE GOVERNING COALITION.

3. SITUATION.

A. SIGNIFICANCE: THE VICTORY OF MARXIST SALVADOR ALLENDE GOSSENS AND THE POPULAR UNITY (U.P.) FRONT IN THE 1970 PRESIDENTIAL ELECTIONS HAS BROUGHT TO POWER IN CHILE A REGIME WHOSE PLATFORM CALLS FOR THE CREATION OF A CENTRALIZED, MARXIST STATE, THE SHARP DIMINUTION OF

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July 2000

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TO EX U.S. INFLUENCE IN THE COUNTRY, THE INITIATION OF CLOSE POLITICAL AND COMMERCIAL TIES WITH COMMUNIST COUNTRIES, AND THE ELIMINATION OF WHAT IS REGARDED AS U.S. HEGEMONY IN THE HEMISPHERE. AN UNSTATED BUT KEY GOAL OF ALLENDE *REGIME* IS THE PERPETUATION OF MARXIST POLITICAL POWER IN CHILE.

THERE IS NO REASON TO DOUBT THAT ALLENDE AND THE U.P. WILL ATTEMPT TO FOLLOW THROUGH ON THE ENTIRE RANGE OF THE U.P. PROGRAM. INDEED, THE GOVERNMENT IS MOVING STEADILY AND RAPIDLY TO IMPLEMENT THAT PROGRAM.

B. ALLENDE: ALLENDE IS AN ADMIRER OF AND IS BELIEVED TO BE INFLUENCED POLITICALLY BY CUBAN PREMIER FIDEL CASTRO RUZ. ALLENDE IS USING CUBAN SECURITY AND INTELLIGENCE EXPERTS IN CHILE TO CREATE A NEW COUNTER-ESPIONAGE ORGANIZATION, WHICH IS TO BE STAFFED BY MEMBERS OF THE LEFTIST REVOLUTIONARY MOVEMENT (MIR, AN EXTREMIST, PRO-CUBAN INSURGENCY GROUP). CUBAN NATIONALS NOW HAVE CARTE BLANCHE TO ENTER CHILE WITHOUT VISAS OR OTHER DOCUMENTATION AND NEED ONLY TO TELEPHONE ALLENDE'S DAUGHTER, WHO IS EITHER MARRIED TO OR THE FIANCÉE OF LUIS

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TO [REDACTED]

FERNANDEZ ONA, [REDACTED] WHO WAS RECENTLY NAMED CHARGE OF THE CUBAN EMBASSY IN SANTIAGO, OR THE DEPUTY CHIEF OF INVESTIGACIONES (CHILEAN FBI) TO GAIN ADMISSION.

C. ALLENDE'S STYLE OF GOVERNING: ALLENDE HAS ATTEMPTED WITH SOME SUCCESS IN HIS EARLY MONTHS IN POWER TO EXERT HIS PERSONAL ASCENDENCY OVER THE U.P. ACROSS X THE BOARD HE IS TRYING TO BUILD PERSONAL LOYALTIES TO HIMSELF OVER AND ABOVE PARTY TIES. EVEN WITH PARTIES AND GROUPS OUTSIDE THE U.P. COALITION, ALLENDE IS FOLLOWING ESSENTIALLY THE SAME TACTICS, E I.E., TRYING TO BUILD PERSONAL RELATIONSHIPS, TO APPEAL TO CERTAIN SEGMENTS OF THE OPPOSITION AND TO ENCOURAGE A SPLINTERING OF THE NON-U.P. FORCES. ALMOST IMMEDIATELY FOLLOWING HIS ELECTION, ALLENDE APPROACHED LEADERS OF THE NATIONAL PARTY (PN) TO ASK FOR SUPPORT FOR HIS "NATIONALIST" REVOLUTION AND FOR HIS EFFORTS AGAINST PCCH DOMINATION OF HIS GOVERNMENT. HE HAS ENCOURAGED DISSENSION WITHIN THE CHRISTIAN DEMOCRATIC PARTY (PDC) BY APPEALING TO THE LEFT-WING SEGMENT OF X THAT PARTY FOR COOPERATION AND UNDERSTANDING, WHILE ENCOURAGING

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A SMEAR CAMPAIGN AGAINST FORMER PRESIDENT FREI AND OTHERS
IN THE CENTER SPECTRUM OF THE PARTY.

ALLENDE'S GOAL IS CLEARLY THE CREATION OF A MARXIST CHILE IN WHICH HIS PERSONAL AUTHORITY CANNOT BE EFFECTIVELY CHALLENGED. THE PACE WITH WHICH ALLENDE MOVES TOWARD THAT CONSTRUCTION ~~E~~ OF A MARXIST STATE IS CONTINGENT UPON THE DEGREE OF HIS POLITICAL OPPOSITION OUTSIDE THE U.P., THE SUCCESS OF HIS EFFORTS TO GAIN THE FULL SUPPORT OF THE CHILEAN ARMED FORCES AND THE DEGREE TO WHICH HE ESTABLISHES HIS HEGEMONY OVER THE DIVERSE AND OCCASIONALLY OPPOSING CURRENTS WITHIN THE U.P.

D. ALLENDE AND THE U.P. FRONT: DESPITE SOME FAR EARLY STRAINS THE U.P. COALITION HAS THUS/HELD TOGETHER. THE PCCH AND THE SOCIALIST PARTY (PS) ARE CLEARLY PREDOMINANT AND WILL REMAIN SO. THE PCCH IS THE LARGEST, BEST ORGANIZED AND MOST DISCIPLINED GROUPING WITHIN THE U.P. AND, IRRESPECTIVE OF ALLENDE'S PLANS AND INTENTIONS FOR CHILE, WHICH IN THEMSELVES ARE BELIEVED TO BE INIMICAL TO THE BEST INTERESTS OF THE UNITED STATES, THE DOMINANT PRESENCE

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TO [REDACTED] OF THE PCCH IN THE U.P. GOVERNMENT ADDS AN INCREASED INGREDIENT OF DANGER TO THE CHANCES FOR THE SURVIVAL OF DEMOCRATIC INSTITUTIONS IN CHILE.

THERE ARE INDICATIONS THAT ALLENDE IS AWARE OF THE THREAT ~~XXX~~ WHICH THE PCCH REPRESENTS TO HIS PERSONAL DOMINANCE OF THE U.P. AND THE NEED TO BUILD A COUNTER-BALANCE TO THAT THREAT BOTH WITHIN AND OUTSIDE THE GOVERNING COALITION. ALLENDE'S POST-ELECTION COURTSHIP OF THE MIR, WHICH ALTHOUGH WORKING CLOSELY WITH ALLENDE WAS NOT AND IS NOT TODAY PARTY OF THE GOVERNMENT, MAY WELL BE AN EXAMPLE OF ~~EX~~ HIS EFFORTS TO BALANCE OFF THE STRENGTH OF THE PCCH.

ALLENDE'S OWN SOCIALIST PARTY IS SUFFERING FROM BASED ON PERSONALITY CONFLICTS DISSENSION/AT THE LEADERSHIP LEVEL AND THERE IS A SLIGHT POSSIBILITY OF A PARTY SPLIT DURING THE PS NATIONAL CONGRESS, SCHEDULED TO BE HELD IN LATER JANUARY 1971.

ALTHOUGH ALLENDE WILL LIKELY MAINTAIN THE ORGANIC UNITY OF THE PARTY, THE HOSTILITIES AND INTRA-PARTY STRUGGLES WILL REDUCE THE CAPABILITY OF THE PS TO REMAIN AN EFFECTIVE

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COUNTERBALANCE TO THE PCCH.

ALLENDE IS ALSO LOOKING TOWARD THE SMALLER GROUPINGS IN THE U.P., ESPECIALLY THE SOCIAL DEMOCRATIC PARTY (PSD, A LEFTIST NON-COMMUNIST PARTY) AND THE INDEPENDENT POPULAR ACTION (API, A SMALL, LEFTIST MOVEMENT CREATED PRIMARILY AS A VEHICLE FOR THE PRESIDENTIAL AMBITIONS OF API LEADER RAFAEL TARUD), FOR ADDITIONAL SUPPORT IN HIS EFFORTS TO ACHIEVE HIS PERSONAL DOMINATION OF THE GOVERNING COALITION. BOTH GROUPINGS ARE SMALL AND IN-EFFECTIVE AT THE PRESENT TIME BUT, THROUGH FUNDING AND GOVERNMENT PATRONAGE, COULD PRESENT ALLENDE WITH INCREASED LEVERAGE IN U.P. NEGOTIATIONS AND MAINTAIN THE FICTION OF A BROAD COALITION.

THE RADICAL PARTY (PR, A TRADITIONAL, LEFTIST BUT NON-COMMUNIST PARTY) OCCUPIES A SOMEWHAT UNIQUE POSITION WITH THE U.P. COALITION. IT HAS ANTI-COMMUNIST CREDENTIALS AS A PARTY, BUT ITS LEADERSHIP APPEARS TO BE SUBSERVIENT TO THE PCCH. THE RADICALS, ALTHOUGH CONTRIBUTING ONLY A FEW PERCENTAGE POINTS OF ALLENDE'S VOTE, HAS AN IMPORTANT

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TO

FOLLOWING AMONG TEACHERS AND GOVERNMENT BUREAUCRATS.

THE REMAINING ENTITY IN THE U.P., THE UNITED POPULAR ACTION MOVEMENT (MAPU, AN EXTREME LEFTIST MOVEMENT WHICH SPLIT AWAY FROM THE PDC PRIOR TO THE PRESIDENTIAL ELECTIONS), HAS A NUMERICALLY WEAK BUT INTELLECTUAL AND HIGHLY MOTIVATED FOLLOWING. THE MAPU HAS DRIFTED INTO A CLOSE RELATIONSHIP ~~WT~~ WITH THE PCCH SUBSEQUENT TO THE ELECTIONS, A FACTOR WHICH HAS CAUSED SOME DISSENSION AMONG THE OLDER MAPU MEMBERS, AND WHICH COULD CONCEIVABLY LEAD THE LATTER TO BREAK AWAY FROM THE MAPU AND FORM A NEW MOVEMENT WITH THE LEFT-WING SEGMENT OF THE PDC.

E. THE OPPOSITION IN CHILE: POLITICAL OPPOSITION TO ALLENDE AND THE U.P. IS TAKING SHAPE, BUT IT IS NEITHER UNITED NOR EFFECTIVE AT THIS TIME, NOR IS A BROAD, ~~XXXX~~ UNIFIED OPPOSITION LIKELY OVER THE SHORT TERM. SHOULD THE U.P. ECONOMIC PROGRAM FALTER, OVERT ANTI-COMMUNIST, RATHER THAN ANTI-ALLENDISMO, WILL PROBABLY BE THE PRINCIPAL THEME OF THE OPPOSITION, ESPECIALLY SINCE THE PCCH HAS THE MAIN VOICE IN THE ECONOMIC PLANNING OF THE GOVERNMENT.

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TO

THE GROWTH OF REAL OPPOSITION IN TERMS OF POTENTIAL FOR RESTRAINING OR OVERTHROWING THE U.P. WILL DEPEND UPON SIGNIFICANT DETERIORATION IN THE ECONOMIC FIELD, PUBLIC ORDER, ETC.

THE PRINCIPAL POLITICAL OPPOSITION TO ALLENDE AND THE U.P. IS THE PDC AND THE NATIONAL PARTY (PN, A RIGHTIST PARTY WHICH SUPPORT INDEPENDENT JORGE ALESSANDRI IN THE PRESIDENTIAL ELECTION). THE PN AND THE PDC ARE NOT LIKELY TO FORM A UNITED OPPOSITION TO ALLENDE, EXCEPT IN ISOLATED AND MUTUALLY BENEFICIAL CASES, BECAUSE THEIR SEPARATE IDENTITIES ARE ADVANTAGEOUS TO EACH'S APPEAL TO THE ELECTORATE. THE PN HAS REGARDED THE PDC WITH EXTREME HOSTILITY SINCE THE 1964 PRESIDENTIAL ELECTIONS, DURING WHICH THE FORCES THAT NOW COMPRIZE THE PN SUPPORTED EDUARDO FREI. SUBSEQUENT TO THE ELECTIONS THE PDC UNDERTOOK PROGRAMS AND ACTIONS WHICH WERE DETRIMENTAL TO THE INTERESTS OF THE PN. THE PDC IN A SIMILAR VEIN ALMOST UNANIMOUSLY WOULD RATHER CEASE TO EXIST THAN TO ENTER INTO AN OPEN ALLIANCE WITH THE PN, BELIEVING IN ANY CASE THAT TO EMBRACE THE

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TO RIGHT WOULD EVENTUALLY CAUSE ITS DEATH KNEEL

THE PDC IS PRESENTLY DIVIDED BETWEEN A LEFT-WING FACTION, WHICH FAVORS ACCOMMODATION AND COOPERATION WITH THE U.P., AND A CENTER FACTION UNDER THE ~~XX~~ LEADERSHIP OF FORMER PRESIDENT FREI, WHICH HAS ADOPTED A STANCE OF OPPOSITION TO ALLENDE AND THE U.P. GOVERNMENT. THE FREI FACTION BELIEVES THAT DEMOCRACY CAN BE SAVED IN CHILE ONLY THROUGH THE MAINTENANCE OF A Viable OPPOSITION. SHOULD THE PDC LEFT-WING BREAK AWAY FROM THE PARTY AFTER THE MUNICIPAL ELECTIONS, THE PDC MIGHT BECOME MORE AMENABLE TO SOME FORM OF COOPERATION WITH THE PN IN OPPOSITION TO THE U.P., ~~BUT THE POSSIBILITY OF A UNITED OPPOSITION BY THE PN AND PDC WOULD STILL REMAIN AS DISTANT AS EVER.~~

A THIRD POLITICAL FORCE, THE PDR, REPRESENTS THE CONSERVATIVE WING OF THE RADICAL PARTY WHICH BROKE OFF BEFORE THE RECENT PRESIDENTIAL ELECTIONS TO SUPPORT ALESSANDRI RATHER THAN THE U.P. CANDIDATE. THE PDR REPRESENTS MORE OF A PROTEST VOTE AGAINST CURRENT RADICAL PARTY PARTICIPATION IN THE U.P. THAN AN INDEPENDENT

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TO [REDACTED] POLITICAL FORCE WITH LONG TERM POSSIBILITIES IN ITS OWN
RIGHT. HOWEVER, THE PDR DOES HAVE GRASS ROOTS SUPPORT
WHICH CAN BE USED TO OPPOSE THE U.P. AND TO THIS EXTENT
IT CAN ADD ~~MEASURABLY~~ TO THE PN AND PDC OPPOSITION
STRENGTH IN CONGRESS AND AT ELECTION TIME.

F. THE ARMED FORCES: FOR THE MOST PART, THE CHILEAN ARMED FORCES, WHICH HAVE AN APOLITICAL TRADITION, HAVE ACCEPTED ALLENDE AND HAVE ADOPTED A COOPERATIVE ATTITUDE TOWARD HIS GOVERNMENT. THE SCHNEIDER ASSASSINATION, AND THE REPERCUSSIONS, THEREOF, WAS A DEMORALIZING DEVELOPMENT FOR THE MILITARY AND EFFECTIVELY BRAKED WHATEVER SENTIMENT WAS DEVELOPING FOR MILITARY ACTION TO PREVENT ALLENDE'S ASSUMPTION OF POWER. THE ARMED FORCES' POTENTIAL AS AN OPPOSITION OR EVEN AS A RESTRAINING FORCE IS RELATED TO THE CONTINUED EXISTENCE OF A VIABLE AND VOCAL POLITICAL OPPOSITION TO ALLENDE AND THE U.P. THE CHILEAN MILITARY PROBABLY WOULD NOT OPPOSE ALLENDE OR, IF DEVELOPMENTS SHOULD SO DICTATE, PLOT HIS OVERTHROW UNLESS THEY WERE IGNITED BY A POLITICAL & OPPOSITION FORCE WITH STRONG

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TO

CIVILIAN SUPPORT.

G. THE MUNICIPAL ELECTION TO BE HELD ON 4 APRIL 1971 HAVE A FUNDAMENTAL IMPORTANCE FOR THE FUTURE OF THE COUNTRY. EACH POLITICAL PARTY WILL BE TRYING TO DEMONSTRATE ITS STRENGTH. THE UP WILL WANT TO PROVE THAT THE TREND OF THE ELECTORATE IS TOWARD ITS PROGRAM. IN VIEW OF THE POLITICALLY POPULAR ACTIONS THE ALLENDE REGIME HAS TAKEN THUS FAR, THE U.P. HAS A VERY GOOD CHANCE OF DEMONSTRATING THIS. BOTH THE PS AND THE PCCH ARE EXPECTED TO SHOW ELECTORAL GAINS.

H. SINCE THE ELECTION, THE U.P. HAS GAINED SIGNIFICANT CONTROL OVER THE NATION'S MEDIA EITHER THROUGH ACQUIRING NEW OUTLETS OR THROUGH INITIAL INTIMIDATION AND NOW THE EXERCISE OF SELF-CENSORSHIP BY COMMERCIAL RADIOS AND NEWSPAPERS. THE OPPOSITION IS NOW DISADVANTAGED AND NEEDS TO IMPROVE ITS MEDIA CAPABILITY IF IT IS TO GET ITS MESSAGE OUT.

4. PROPOSED ACTION PROGRAM.

5 A. SUPPORT TO OPPOSITION POLITICAL PARTIES
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1. THE PDC

THE FREI FACTION OF THE PDC IS LIKELY TO POSE THE MOST CLEAR-CUT OPPOSITION TO THE UP AND IS BECOMING ITS DOMINANT FACTION AS THE COLLABORATIONISTS FIND THEY CANNOT DEVELOP A MEANINGFUL RELATIONSHIP WITH THE ALLENDE REGIME. SINCE THE PDC MAY WELL BE THE LARGEST PARTY IN CHILE AND THEREFORE THE MOST SIGNIFICANT OPPOSITION POLITICAL FORCE IN THE COUNTRY, IT MERITS THE FULLEST POSSIBLE SUPPORT. THIS SUPPORT WOULD BE CHANNELLED THROUGH THE FREI FACTION.

AT THE PRESENT TIME THE PDC IS IN FINANCIAL NEED. IT CANNOT CARRY OUT AN OPPOSITION PROGRAM BASED SOLELY ON THE CONTRIBUTIONS FROM ITS PARTY MEMBERS OR INTERESTED BUSINESSMEN. THE LATTER ARE FEARFUL THAT ANY CONTRIBUTIONS TO THE PDC WOULD PROVOKE REPRISALS XXXXX AGAINST THEM BY THE UP THROUGH RESTRICTION OF CREDIT, TAX INVESTIGATIONS, ETC. TO SAFEGUARD THEIR ECONOMIC INTERESTS THEY PREFER TO BE ON GOOD TERMS WITH THE GOVERNMENT RATHER THAN WITH THE OPPOSITION.

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7. RECOMMENDATION.

IT IS RECOMMENDED THAT [REDACTED] AUTHORIZE
THE EXPENDITURE OF [REDACTED] TO SUPPORT OPPOSITION
POLITICAL PARTIES AND TO PROMOTE FRICTION WITHIN THE U.P.

8. [REDACTED]

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